

City of East Jordan

Charlevoix County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2008

City of East Jordan

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INDEPENDENT AUDITORS' REPORT

To the City Commission
City of East Jordan
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Jordan as of and for the year ended June 30, 2008 and 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of East Jordan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Jordan as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Jordan basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
December 19, 2008

Management Discussion and Analysis

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

This discussion and analysis is intended to be an easily readable analysis of the City of East Jordan's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

This report consist of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, combining schedules of nonmajor funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works, parks and recreation, community development and general government administration. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities report capital assets and long-term liabilities. Governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." A budgetary comparison is presented for the general fund which is the only fund for which a budget is legally adopted. Statements for the City's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules. Finally, is the statistical section, which presents trend information and demographics.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2008 follows:

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 538,325	\$ 598,075	\$ 1,704,800	\$ 1,415,380	\$ 2,243,125	\$ 2,013,455
Capital assets	3,973,856	4,276,398	5,966,961	5,849,303	9,940,817	10,125,701
Total assets	4,512,181	4,874,473	7,671,761	7,264,683	12,183,942	12,139,156
Long-term liabilities	950,147	1,055,814	1,902,928	2,012,379	2,853,075	3,068,193
Other liabilities	18,955	14,741	158,116	60,796	177,071	75,537
Total liabilities	969,102	1,070,555	2,061,044	2,073,175	3,030,146	3,143,730
Net assets						
Invested in capital assets - net of debt	3,121,810	3,427,862	4,064,033	3,836,924	7,185,843	7,264,786
Restricted	119,403	172,258	-	-	119,403	172,258
Unrestricted	301,866	203,798	1,546,684	1,354,584	1,848,550	1,558,382
Total net assets	\$ 3,543,079	\$ 3,803,918	\$ 5,610,717	\$ 5,191,508	\$ 9,153,796	\$ 8,995,426

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

Business-type Activities. The City's business-type activities consist of the Sewer, Water, Ambulance, Harbor Marina Solid Waste Transfer Station and Tourist Park funds.

Water and Sewer Fund

Operation of the water and sewer systems is paid through user fees based upon amount of metered water used. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the system. The last rate increase went into effect for the quarter beginning July 1, 2006.

Tourist Park

Operation of the Tourist Park is paid through user fees based upon camper rent. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the park. The last rate increase went into effect for the season beginning April 15, 2007.

Harbor Fund

Operation of the harbor fund is paid through user fees based upon seasonal and transient dock rents. The rates are set through Michigan Department of Natural Resources Parks and Recreation Bureau (Michigan State Waterways Commission). The last rate increase went into effect for the season beginning April 15, 2007.

Ambulance Fund

Operation of the ambulance fund is paid through user fees based upon basic and advance life support. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the ambulance fund. The last rate increase was July 1, 2007.

Transfer Station Fund

Operation of the Transfer Station Fund is paid through user fees based upon the disposal of garbage. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the transfer station fund. The last rate increase was July 1, 2007.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

A condensed version of the Statement Activities follows:

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2008
Program revenues						
Charges for services	\$ 57,135	\$ 59,816	\$ 1,692,885	\$ 1,652,418	\$ 1,750,020	\$ 1,712,234
Operating grants and contributions	216,013	224,487	2,000	7,831	218,013	232,318
General revenue						
Property tax	1,166,394	1,125,052	-	-	1,166,394	1,125,052
State shared revenue	268,385	268,455	-	-	268,385	268,455
Unrestricted investment income	32,347	29,059	32,123	36,432	64,470	65,491
Licenses and permits	6,835	13,275	-	-	6,835	13,275
Rent	5,163	6,537	-	-	5,163	6,537
Fines and forfeitures	700	340	-	-	700	340
Miscellaneous	100,798	30,394	16,923	27,520	117,721	57,914
Total revenues	1,853,770	1,757,415	1,743,931	1,724,201	3,597,701	3,481,616
Program expenses						
General government	558,615	556,725	-	-	558,615	556,725
Public safety	652,067	655,124	-	-	652,067	655,124
Public works	575,569	667,097	-	-	575,569	667,097
Community and economic development	8,569	9,392	-	-	8,569	9,392
Recreation and culture	185,859	162,906	-	-	185,859	162,906
Sewer Fund	-	-	273,606	297,560	273,606	297,560
Water Fund	-	-	281,347	343,866	281,347	343,866
Solid Waste Transfer Station	-	-	48,645	45,331	48,645	45,331
Ambulance	-	-	394,946	402,198	394,946	402,198
Tourist Park	-	-	114,078	134,286	114,078	134,286
Marina	-	-	286,162	218,134	286,162	218,134
Interest on long-term debt	30,268	27,154	-	-	30,268	27,154
Total expenses	2,010,947	2,078,398	1,398,784	1,441,375	3,409,731	3,519,773
Change in net assets before transfers	(157,177)	(320,983)	345,147	282,826	187,970	(38,157)
Transfers	(103,662)	56,751	74,062	(73,818)	(29,600)	(17,067)
Increase in net assets	\$ (260,839)	\$ (264,232)	\$ 419,209	\$ 209,008	\$ 158,370	\$ (55,224)

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

Governmental activities.

Governmental activities' program expenses remained similar to prior year. There were some significant variations in some revenue items. The current budget instability at both the Federal and State levels do not allow the City financial position to improve greatly from one fiscal year to the next. I believe that the City's financial position has improved only slightly over the last fiscal year. The City of East Jordan's financial position improved because of increase property values and new or rehabilitated properties being added to the tax rolls. The City's largest employer has maintained production levels over the past year. These factors have lead to the financial condition remaining the same or increasing slightly. The only significant increase to our tax base was the completion of the new addition to a major employer. The ending General Fund fund balance would have been higher if not for decreasing State revenue. There should be no significant change in the financial position if all funding levels remain at current levels. Governmental activities' program expenses remained similar to prior year. There were some insignificant variations in some revenue items. The current budget instability at both the Federal and State levels do not allow the City financial position to improve greatly from one fiscal year to the next. I believe that the City's financial position has remained the same over the last fiscal year. The City of East Jordan's financial position remained the same because of some increased property values and new or rehabilitated properties being added to the tax rolls. These factors have lead to the financial condition remaining the same or increasing slightly. The ending General Fund fund balance would have been higher if not for decreasing State revenue. There should be no significant change in the financial position if all funding levels remain at current levels

Business-type activities

The City's business type activities continue to improve. Improvements to business-type infrastructure include replacing water mains, repairing and updating meters, leak repair on water mains, improving our pump to bill ratio, repairing and upgrading the sewer collection system each fiscal year as funding allows. This year's major work included additional water main replacement to improve the reliability of the water system. At the sewer lagoons a deep mixing system for better aeration continues to be refined. As in prior years both the EMS Fund and the Marina Fund spent funds and received grants to upgrade the physical plant and equipment. In the next fiscal year both funds will curtail capital spending to increase net assets.

Budgetary Highlights

Over the course of the year the City Commission amended the budget four times. The amendments were for grants received and bonds sold that were not budgeted for and a new fund that was put in the budget after it was adopted. The City Commission also requested that the budget be amended to allow the Commission to waive the fee for the Civic Center and Elm Pointe Departments of General Fund. In total, the General Fund's expenditures were \$192,122 less than was budgeted.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets as of June 30, 2008, amounted to \$9,940,817 (net of accumulated depreciation). This investment, detailed in the following table, is invested in broad range of capital assets including land, buildings, land improvements, machinery and equipment, streets and business-type infrastructure.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ 91,450	\$ 91,450	\$ 355,002	\$ 355,002	\$ 446,452	\$ 446,452
Buildings	530,635	549,925	45,465	46,943	576,100	596,868
Land improvements	71,257	82,031	1,077,071	848,796	1,148,328	930,827
Machinery and equipment	1,334,784	1,447,035	108,878	118,095	1,443,662	1,565,130
Sewer lagoons	-	-	1,447,161	1,490,061	1,447,161	1,490,061
Mains	-	-	2,933,384	2,990,406	2,933,384	2,990,406
Infrastructure	1,945,730	2,105,957	-	-	1,945,730	2,105,957
Total net assets	\$ 3,973,856	\$ 4,276,398	\$ 5,966,961	\$ 5,849,303	\$ 9,940,817	\$ 10,125,701

Debt Outstanding

The significant long-term debt has been incurred in the DDA for the Main Street Center. The DDA sold bonds to fund the public improvements. The tax increment from the Main Street Center will service the debt. The bonds were purchased by Charlevoix State Bank, the majority owner of the Main Street Center.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>		<u>Component Unit</u>	
	2008	2007	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 570,000	\$ 625,000	\$ 480,000	\$ 275,000	\$ 1,050,000	\$ 900,000	\$ 1,170,000	\$ 1,310,000
Revenue bonds	-	-	1,395,218	1,493,218	1,395,218	1,493,218	-	-
Installment purchase agreements	282,046	345,485	27,710	244,161	309,756	589,646	-	-
Total net assets	\$ 852,046	\$ 970,485	\$ 1,902,928	\$ 2,012,379	\$ 2,754,974	\$ 2,982,864	\$ 1,170,000	\$ 1,310,000

The City's is not rated by Moody's and Standard and Poor's since our borrowing is not at their rating threshold. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2008

Economic Factors and Next Year's Budgets and Rates

- The State of Michigan is projecting significant budget deficits

To deal with swings in the economy and to plan for future capital expansion, the City routinely puts aside resources. The City has also attempted to keep expenditures to a minimum because of the anticipated revenue problems.

The City's Downtown Development Authority is working with outside investors to build a new motel in the City. In December of 2007, the DDA received a grant in excess of \$600,000 from the Michigan Economic Development Corporation to complete infrastructure improvements at the motel site.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Administrator at 201 Main Street, PO Box 499, East Jordan, Michigan 49727.

GOVERNMENT WIDE FINANCIAL STATEMENTS

City of East Jordan

Charlevoix County, Michigan

Statement of Net Assets

For the year ended June 30, 2008

	Governmental activities	Business type activities	Total	Component units
<u>GOVERNMENTAL ASSETS</u>				
Cash and cash equivalents	\$ 409,952	\$ 1,254,885	\$ 1,664,837	\$ 40,166
Investments	-	-	-	61,297
Receivables (net)	9,249	447,022	456,271	2,898
Inventories	5,317	12,400	17,717	-
Prepaid items	21,058	-	21,058	813
Due from other governmental units	83,242	-	83,242	-
Interfund balances	9,507	(9,507)	-	-
Capital assets - net	3,973,856	5,966,961	9,940,817	422,082
TOTAL ASSETS	\$ 4,512,181	\$ 7,671,761	\$ 12,183,942	\$ 527,256
<u>GOVERNMENTAL LIABILITIES</u>				
Accounts payable	\$ -	\$ 104,143	\$ 104,143	\$ -
Accrued and other liabilities	15,155	14,549	29,704	26,353
Deferred revenue	3,800	39,424	43,224	-
Due within one year	86,832	165,344	252,176	140,000
Due in more than one year	863,315	1,737,584	2,600,899	1,030,000
TOTAL LIABILITIES	969,102	2,061,044	3,030,146	1,196,353
<u>GOVERNMENTAL NET ASSETS</u>				
Restricted for				
Streets and highways	104,909	-	104,909	-
Debt service	3,033	-	3,033	397
Capital projects	11,461	-	11,461	-
Invested in capital assets net of related debt	3,121,810	4,064,033	7,185,843	422,082
Unrestricted	301,866	1,546,684	1,848,550	(1,091,576)
TOTAL NET ASSETS	3,543,079	5,610,717	9,153,796	(669,097)
TOTAL LIABILITIES AND NET ASSETS	\$ 4,512,181	\$ 7,671,761	\$ 12,183,942	\$ 527,256

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Statement of Activities

For the year ended June 30, 2008

Functions/Programs	Expenses	Charges for services	Operating grants and contributions
<u>GOVERNMENTAL ACTIVITIES</u>			
General government	\$ 558,615	\$ 56,678	\$ -
Public safety	652,067	90	560
Public works	575,569	-	204,261
Community and economic development	8,569	-	-
Recreation and culture	185,859	367	11,192
Interest on long-term debt	30,268	-	-
Total Governmental activities	2,010,947	57,135	216,013
<u>BUSINESS TYPE EXPENSES</u>			
Sewer	273,606	397,894	-
Water	281,347	569,630	-
Transfer Station	48,645	56,161	-
Ambulance	394,946	433,516	2,000
Tourist Park	114,078	121,239	-
Marina	286,162	114,445	-
Total Business type activities	1,398,784	1,692,885	2,000
Total Primary government	3,409,731	1,750,020	218,013
<u>COMPONENT UNIT ACTIVITIES</u>			
City of East Jordan Downtown Development Authority	\$ 96,342	\$ -	\$ -
East Jordan Housing Commission	209,755	78,699	62,375
Total Component units	\$ 306,097	\$ 78,699	\$ 62,375
<u>General Revenues</u>			
Property taxes			
State-shared revenue			
Unrestricted investment income			
Licenses and permits			
Rent			
Fines and forfeitures			
Gain (loss) on sale of capital assets			
Miscellaneous			
Interfund transfers			
Total general revenues - special items and transfers			
Change in net assets			
Net assets at beginning of year			
Net assets at end of year			

See accompanying notes to basic financial statements.

Governmental activities	Business-type activities	Total	Component units
\$ (501,937)	\$	\$ (501,937)	
(651,417)		(651,417)	
(371,308)		(371,308)	
(8,569)		(8,569)	
(174,300)		(174,300)	
(30,268)		(30,268)	
(1,737,799)		(1,737,799)	
	124,288	124,288	
	288,283	288,283	
	7,516	7,516	
	40,570	40,570	
	7,161	7,161	
	(171,717)	(171,717)	
	296,101	296,101	
(1,737,799)	296,101	(1,441,698)	
		\$ (96,342)	
		(68,681)	
		(165,023)	
1,166,394	-	1,166,394	199,288
268,385	-	268,385	-
32,347	32,123	64,470	7,471
6,835	-	6,835	-
5,163	-	5,163	-
700	-	700	-
	(223)	(223)	
100,798	17,146	117,944	18,606
(103,662)	74,062	(29,600)	29,600
1,476,960	123,108	1,600,068	254,965
(260,839)	419,209	158,370	89,942
3,803,918	5,191,508	8,995,426	(759,039)
\$ 3,543,079	\$ 5,610,717	\$ 9,153,796	\$ (669,097)

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Governmental Funds

Balance Sheet

June 30, 2008

	General Fund	Major Streets	Fire Equipment Fund	Nonmajor Funds	Total
ASSETS					
Cash	\$ 86,583	\$ 66,256	\$ 59,745	\$ 28,953	\$ 241,537
Taxes receivable	-	-	667	-	667
Accounts receivable	8,583	-	-	-	8,583
Due from other units of government	51,340	23,594	-	8,308	83,242
Due from other funds	-	10	-	-	10
Inventory	5,317	-	-	-	5,317
Prepaid items	21,058	-	-	-	21,058
TOTAL ASSETS	\$ 172,881	\$ 89,860	\$ 60,412	\$ 37,261	\$ 360,414
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ 10,487	\$ -	\$ -	\$ 80	\$ 10,567
Payroll deductions payable	3,023	74	-	139	3,236
Accrued wages payable	9,600	-	-	-	9,600
Deferred revenue	3,800	-	-	-	3,800
Customers deposits payable	-	-	-	300	300
TOTAL LIABILITIES	26,910	74	-	519	27,503
FUND EQUITY					
Reserved for					
Debt service	-	-	-	3,033	3,033
Capital outlay	-	-	-	11,461	11,461
Streets and highways	-	89,786	-	15,123	104,909
Unrestricted	145,971	-	60,412	7,125	213,508
TOTAL FUND BALANCES	145,971	89,786	60,412	36,742	332,911
TOTAL LIABILITIES AND FUND BALANCES	\$ 172,881	\$ 89,860	\$ 60,412	\$ 37,261	\$ 360,414

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended June 30, 2008

Total fund balances - total governmental funds	\$	332,911
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	8,364,865
Accumulated depreciation	(4,391,009)

Net capital assets	3,973,856
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at June 30, 2008 were:

Bonds payable	(570,000)
Installment purchase agreements	(282,046)
Compensated absences	(98,101)

Internal service funds are used by management to charge the costs of activities, such as equipment rent, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

186,459

Net assets of governmental activities	\$	3,543,079
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See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2008

	General Fund	Major Streets	Fire Equipment Fund	Nonmajor Funds	Total
REVENUE					
Property taxes	\$ 1,138,189	\$ -	\$ 28,204	\$ -	\$ 1,166,393
State grants	268,945	153,560	-	50,701	473,206
Licenses and permits	21,239	-	-	-	21,239
Fines and forfeitures	700	-	-	-	700
Charges for services	57,135	-	-	-	57,135
Interest and rents	28,364	2,926	1,827	1,864	34,981
Other revenue	80,024	2,807	-	12,644	95,475
TOTAL REVENUE	1,594,596	159,293	30,031	65,209	1,849,129
EXPENDITURES					
General government	538,221	-	-	-	538,221
Public safety	578,623	-	21,320	-	599,943
Public works	266,848	-	-	-	266,848
Streets	-	81,771	-	66,106	147,877
Community and economic development	8,569	-	-	-	8,569
Recreation and culture	160,234	-	-	-	160,234
Debt service	-	-	-	85,269	85,269
Capital outlay	-	-	-	52,995	52,995
TOTAL EXPENDITURES	1,552,495	81,771	21,320	204,370	1,859,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42,101	77,522	8,711	(139,161)	(10,827)
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	-	-	178,951	238,951
Transfers out	(172,492)	(69,770)	-	(112,350)	(354,612)
TOTAL OTHER FINANCING SOURCES (USES)	(112,492)	(69,770)	-	66,601	(115,661)
NET CHANGE IN FUND BALANCES	(70,391)	7,752	8,711	(72,560)	(126,488)
FUND BALANCES, BEGINNING OF YEAR	216,362	82,034	51,701	109,302	459,399
FUND BALANCES, END OF YEAR	\$ 145,971	\$ 89,786	\$ 60,412	\$ 36,742	\$ 332,911

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2008

Net change in fund balances - total governmental funds	\$	(126,488)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.		46,851
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		118,439
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(293,835)
Employee benefits		(12,772)
Internal service fund		6,966
Change in net assets of government activities	\$	(260,839)

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Net Assets

June 30, 2008

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
ASSETS				
Current assets				
Cash	\$ 739,128	\$ 400,161	\$ 2,955	\$ 15,236
Accounts receivable	102,284	144,481	200,257	-
Inventory	-	-	-	12,400
Total current assets	841,412	544,642	203,212	27,636
Noncurrent assets				
Capital assets				
Land	21,626	36,322	-	289,285
Buildings	-	-	-	-
Improvements other than buildings	3,761,698	3,082,590	-	1,685,638
Machinery and equipment	15,527	-	378,478	43,300
Less accumulated depreciation	(1,672,953)	(800,825)	(303,443)	(630,740)
Total Noncurrent assets	2,125,898	2,318,087	75,035	1,387,483
TOTAL ASSETS	\$ 2,967,310	\$ 2,862,729	\$ 278,247	\$ 1,415,119
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 104,143
Due to other funds	3,013	2,643	176	2,078
Payroll deductions payable	-	-	4,031	-
Customers deposits payable	-	1,428	-	-
Accrued wages payable	984	2,903	-	1,788
Deferred revenue	-	-	-	11,356
Total current liabilities	3,997	6,974	4,207	119,365
Noncurrent liabilities				
Bonds payable	230,000	1,395,218	-	250,000
Installment purchase agreement	-	-	27,710	-
Total noncurrent liabilities	230,000	1,395,218	27,710	250,000
TOTAL LIABILITIES	233,997	1,402,192	31,917	369,365
NET ASSETS				
Invested in capital assets, net of related debt	1,895,898	922,869	47,325	1,137,483
Unrestricted	837,415	537,668	199,005	(91,729)
TOTAL NET ASSETS	2,733,313	1,460,537	246,330	1,045,754
TOTAL LIABILITIES AND NET ASSETS	\$ 2,967,310	\$ 2,862,729	\$ 278,247	\$ 1,415,119

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ 36,622	\$ 60,784	\$ 1,254,886
-	-	447,022
-	-	12,400
36,622	60,784	1,714,308
-	7,769	355,002
-	128,660	128,660
55,037	103,759	8,688,722
-	9,113	446,418
(12,002)	(231,878)	(3,651,841)
43,035	17,423	5,966,961
\$ 79,657	\$ 78,207	\$ 7,681,269
\$ -	\$ -	\$ 104,143
746	851	9,507
-	2,944	6,975
-	300	1,728
172	-	5,847
-	28,068	39,424
918	32,163	167,624
-	-	1,875,218
-	-	27,710
-	-	1,902,928
918	32,163	2,070,552
43,035	17,423	4,064,033
35,704	28,621	1,546,684
78,739	46,044	5,610,717
\$ 79,657	\$ 78,207	\$ 7,681,269

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
OPERATING REVENUE				
Services rendered	\$ 386,139	\$ 565,277	\$ 433,516	\$ 746
Fees	11,755	4,353	-	-
Sales	-	-	-	72,165
Rent	-	-	-	41,384
TOTAL OPERATING REVENUE	397,894	569,630	433,516	114,295
OPERATING EXPENSES				
Salaries and wages	98,683	102,543	319,020	158,124
Contractual services	7,550	6,959	28,873	14,649
Utilities	22,079	21,625	7,765	18,146
Repairs and maintenance	19,346	15,824	14,175	11,518
Rent	38,508	36,059	752	14,877
Depreciation	71,749	59,052	14,199	48,188
Capital outlay	2,898	-	6,787	150
Fees	225	1,697	765	1,912
Other	4,334	731	873	1,577
TOTAL OPERATING EXPENSES	265,372	244,490	393,209	269,141
OPERATING INCOME (LOSS)	132,522	325,140	40,307	(154,846)
NONOPERATING REVENUE (EXPENSES)				
Interest and dividends	20,029	8,951	396	497
Reimbursements	-	-	2	-
Contributions and donations	-	-	2,000	-
Other	-	1,975	3,237	(8,567)
Interest expense	(8,233)	(36,855)	(1,736)	(8,248)
Sale of fixed assets	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSE)	11,796	(25,929)	3,899	(16,318)
Income (loss) before contributions and transfers	144,318	299,211	44,206	(171,164)
Capital contributions	-	5,800	-	-
Transfers in	-	2,400	-	234,350
Transfers out	(8,000)	(112,188)	(31,500)	(11,000)
CHANGE IN NET ASSETS	136,318	195,223	12,706	52,186
NET ASSETS, BEGINNING OF YEAR	2,596,995	1,265,314	233,624	993,568
NET ASSETS, END OF YEAR	\$ 2,733,313	\$ 1,460,537	\$ 246,330	\$ 1,045,754

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ -	\$ -	\$ 1,385,678
56,051	118,000	190,159
110	3,239	75,514
-	-	41,384
56,161	121,239	1,692,735
15,641	71,714	765,725
22,369	2,382	82,782
909	27,257	97,781
1,896	2,750	65,509
6,736	1,891	98,823
1,093	1,572	195,853
-	4,166	14,001
-	-	4,599
-	2,346	9,861
48,644	114,078	1,334,934
7,517	7,161	357,801
1,050	1,200	32,123
-	-	2
-	-	2,000
5,290	781	2,716
-	-	(55,072)
-	(223)	(223)
6,340	1,758	(18,454)
13,857	8,919	339,347
-	-	5,800
-	-	236,750
-	-	(162,688)
13,857	8,919	419,209
64,882	37,125	5,191,508
\$ 78,739	\$ 46,044	\$ 5,610,717

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended June 30, 2008

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 396,424	\$ 564,996	\$ 419,472	\$ 107,288
Payments to suppliers	(124,993)	(117,856)	(163,856)	(45,976)
Payments to employees	(69,334)	(66,407)	(216,839)	(67,444)
Net cash provided (used) by operating activities	202,097	380,733	38,777	(6,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(8,000)	(109,788)	(31,500)	223,350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	-	250,000
Capital contributions	-	5,800	-	-
Purchase of capital assets	-	(30,641)	-	(282,871)
Principal and interest paid on capital debt	(53,233)	(134,855)	(10,057)	(216,378)
Other receipts (payments)	-	1,975	5,239	(8,567)
Net cash provided (used) by capital and related financing activities	(53,233)	(157,721)	(4,818)	(257,816)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	20,029	8,951	396	497
Net cash provided by investing activities	20,029	8,951	396	497
Net increase (decrease) in cash and cash equivalents	160,893	122,175	2,855	(40,101)
Balances - beginning of year	578,235	277,986	100	55,337
Balances - end of year	\$ 739,128	\$ 400,161	\$ 2,955	\$ 15,236

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ 56,161	\$ 124,059	\$ 1,668,400
(33,322)	(55,735)	(541,738)
(13,500)	(54,728)	(488,252)
9,339	13,596	638,410
-	-	74,062
-	-	250,000
-	-	5,800
-	-	(313,512)
-	-	(414,523)
5,290	558	4,495
5,290	558	(467,740)
1,050	1,200	32,123
1,050	1,200	32,123
15,679	15,354	276,855
20,943	45,430	978,031
\$ 36,622	\$ 60,784	\$ 1,254,886

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended June 30, 2008

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 132,522	\$ 325,140	\$ 40,307	\$ (154,846)
Adjustments to reconcile operating income to net cash				
Provided (used) by operating activities				
Depreciation expense	71,749	59,052	14,199	48,188
Change in net assets and liabilities				
Receivables - net	(1,470)	(4,506)	(14,044)	-
Inventories	-	-	-	1,386
Accounts and other payables	(2,198)	1,174	(1,861)	106,147
Customer deposits	-	(127)	-	-
Payment of amounts due to other funds	1,494	-	176	-
Deferred revenue	-	-	-	(7,007)
Net cash provided by operating activities	\$ 202,097	\$ 380,733	\$ 38,777	\$ (6,132)

See accompanying notes to basic financial statements.

Solid Waste			
Transfer Fund	Tourist Park		Total
\$ 7,517	\$ 7,161	\$	357,801
1,093	1,572		195,853
-	-		(20,020)
-	-		1,386
729	1,993		105,984
-	-		(127)
-	-		1,670
-	2,870		(4,137)
\$ 9,339	\$ 13,596	\$	638,410

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Fiduciary Funds

Statement of Net Assets

For the year ended June 30, 2008

<u>Agency Fund Type</u>		
<u>ASSETS</u>		
Cash	\$	184,574
<u>LIABILITIES</u>		
Undistributed collections	\$	184,574

See accompanying notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of City of East Jordan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by City of East Jordan:

A. Reporting Entity

City of East Jordan is governed by an elected seven-member Commission. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The City of East Jordan Downtown Development Authority accounts for property tax and bond proceeds that are earmarked for improvements in a downtown area of the City and repayment of DDA issued bonds. The component unit column in the combined financial statements include the financial data of the City's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing Board of the Downtown Development Authority are appointed by the Mayor. The budgets and expenditures of the Downtown Development Authority must be approved by the City Commission. The City also has the ability to significantly influence operations of the Downtown Development Authority. Complete financial statements of the Downtown Development Authority can be obtained at the City of East Jordan, 201 Main Street, East Jordan, Michigan, 49727.

The East Jordan Housing Commission is a Public Housing Agency created by the City of East Jordan on February 7, 1967. The Commission was established to provide low-rent housing, under the low rent program Annual Contributions Contract, for qualified individuals in accordance with rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The City has no blended component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City of East Jordan's property tax is levied on each July 1 on the taxable valuation of property (as defined by State statutes) located in City of East Jordan as of the preceding December 31st.

The 2007 taxable valuation of City of East Jordan totaled \$70,104,401 and the IFT taxable valuation totaled \$1,445,064 on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	17.7953	\$ 1,247,529
Operating IFT	8.8976	12,858
Fire debt	0.4448	31,182
Fire debt IFT	0.2224	321

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for Act 51 money received from the State of Michigan for the maintenance and construction of streets in the City.

The Fire Equipment Fund accounts for property taxes levied to finance capital purchases for the fire department.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

The City reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

The Tourist Park Fund accounts for the activities of the City owned campground.

The Marina Fund accounts for the activities of the City owned marina.

The Transfer Station Fund accounts for the activities of the City owned solid waste collection facility.

The Ambulance Fund accounts for the activities of the City owned paramedic service.

Additionally, the government reports the following fund types:

The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

Trust and agency funds to account for various deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include:

- (1) charges to customers or applicants for goods, services or privileges provided;
- (2) operating grants and contributions; and
- (3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Tap fees intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied July 1 and are payable through July 31. All property taxes not paid by July 31 are deemed delinquent.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other infrastructure	10 to 30 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Unused vacation and sick leave are paid to employees upon termination under limits that vary by employee group.

All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data and Reclassifications--Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The City normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before May 1, the City Administrator submits to the City Commission, a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the City Hall to obtain taxpayer comments.

On or before May 15, the budget is adopted by ordinance.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the City Commission.

Budgeted amounts are presented as originally adopted, or as amended by the City Commission before June 30. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the City Commission throughout the operating year.

The City legally adopts budgets for the General Fund, Special Revenue, Debt Service and Capital Project funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the City Commission.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the Special Revenue, Debt Service and Capital Project funds.

The City Treasurer is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the City Commission.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

During the year, the City of East Jordan incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

		Budget appropriation		Actual Expenditure
<hr/>				
General Fund				
Administrator	\$	80,542	\$	81,412
Street lighting		37,000		41,664
<hr/>				

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

Note 3 - DEPOSITS AND INVESTMENTS

State statutes and the City's investment policy authorize the City to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the City is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The City's deposits are in accordance with statutory authority.

As of June 30, 2008, the City had the following deposits.

Huntington National Bank	\$	1,324,832
Charlevoix State Bank		419,897
Total	\$	1,744,729

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. More than five percent of the City's deposits are in the Huntington National Bank and Charlevoix State Bank. These investments are 75.93% and 24.07%, respectively, of the City's total deposits.

At year end, the City's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Funds	Fiduciary Funds	Total Primary Government
Cash and investments	\$ 409,952	\$ 1,254,885	\$ 184,574	\$ 1,849,411

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 4 - RECEIVABLES

Receivables as of year-end for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Fire Equipment Fund	Sewer Fund	Water Fund	Ambulance Fund	Total
Taxes receivable	\$ -	\$ -	\$ -	\$ 667	\$ -	\$ -	\$ -	\$ 667
Accounts	8,583	-	-	-	102,284	144,481	200,257	455,605
Intergovernmental	51,340	23,594	8,308	-	-	-	-	83,242
Net Receivables	\$ 59,923	\$ 23,594	\$ 8,308	\$ 667	\$ 102,284	\$ 144,481	\$ 200,257	\$ 539,514

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Customer deposits	\$ -	\$ 3,800

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
Assets not being depreciated				
Land	\$ 91,450	\$	\$	\$ 91,450
Capital assets being depreciated:				
Buildings	647,876	7,830		655,706
Land improvements	131,945			131,945
Machinery and equipment	1,739,657	23,791		1,763,448
Infrastructure	4,378,812	15,230		4,394,042
Subtotal	6,989,740	46,851		7,036,591
Accumulated depreciation:				
Buildings	269,050	16,972		286,022
Land improvements	49,914	10,774		60,688
Machinery and equipment	517,853	90,632		608,485
Infrastructure	2,272,855	175,457		2,448,312
Subtotal	3,109,672	293,835		3,403,507
Net capital assets	\$ 3,880,068	\$ (246,984)		\$ 3,633,084

Equipment Internal Service Fund	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
Capital assets being depreciated:				
Buildings and improvements	\$ 284,743	\$	\$	\$ 284,743
Equipment	1,043,531			1,043,531
Subtotal	1,328,274			1,328,274
Accumulated depreciation:				
Buildings and improvements	113,644	10,148		123,792
Equipment	818,300	45,410		863,710
Subtotal	931,944	55,558		987,502
Net capital assets	\$ 396,330	\$ (55,558)		\$ 340,772

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

Business-Type Activities	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
Assets not being depreciated				
Land	\$ 355,002	\$	\$	\$ 355,002
Capital assets being depreciated:				
Sewer lagoons	2,144,991			2,144,991
Buildings	183,197			183,197
Mains	4,668,656	30,640		4,699,296
Land improvements	1,513,726	275,671		1,789,397
Machinery and equipment	439,719	7,200		446,919
Subtotal	9,305,291	313,511		9,618,802
Accumulated depreciation:				
Sewer lagoons	654,930	42,900		697,830
Buildings	136,254	1,478		137,732
Mains	1,678,250	87,662		1,765,912
Land improvements	664,930	47,396		712,326
Machinery and equipment	321,624	16,417		338,041
Subtotal	3,455,988	195,853		3,651,841
Net capital assets	\$ 5,849,303	\$ 117,658	\$	\$ 5,966,961

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 7,624
Public safety	71,791
Public works	175,457
Recreation and culture	38,963
Total governmental activities	\$ 293,835
Business-Type activities:	
Sewer Fund	\$ 71,749
Water Fund	59,052
Tourist Park Fund	1,572
Marina Fund	48,188
Solid Waste Transfer Station Fund	1,093
Ambulance Fund	14,199
Total Business-Type activities	\$ 195,853

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Major Streets Fund	General Fund	\$ 10
Equipment Fund	General Fund	10,477
Equipment Fund	Local Streets Fund	80
Equipment Fund	Tourist Park Fund	851
Equipment Fund	Sewer Fund	3,013
Equipment Fund	Water Fund	2,643
Equipment Fund	Harbor Marina	2,078
Equipment Fund	Ambulance Fund	176
	Solid Waste Transfer	
Equipment Fund	Station Fund	746
Total	\$	20,074

Interfund Transfers

Transfers Out										
Transfers In	General Fund	Major Streets Fund	Ambulance Fund	Rehab I & II Fund	Equipment Fund	Sewer Fund	Water Fund	Harbor Fund	TIFA Fund	Total
General Fund	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 60,000
Local Streets	-	11,000	-	-	-	-	-	-	-	11,000
1999 MI Transportation Debt	-	35,283	-	-	-	-	-	-	-	35,283
2001 MI Transportation Debt	-	23,488	-	-	-	-	-	-	-	23,488
Rehab I & II Fund	6,182	-	21,500	-	4,000	-	10,000	10,000	-	51,682
Equipment Fund	-	-	-	-	-	8,000	8,000	-	-	16,000
2002 Debt	-	-	-	-	-	-	14,188	-	-	14,188
Water Fund	-	-	-	-	-	-	-	-	2,400	2,400
2007 Debt	12,310	-	-	-	-	-	-	1,000	-	13,310
2007 Construction	-	-	-	-	-	-	30,000	-	-	30,000
Harbor fund	130,000	-	-	104,350	-	-	-	-	-	234,350
TIFA Fund	24,000	-	-	-	-	-	-	-	-	24,000
TIFA Construction	-	-	-	8,000	-	-	-	-	-	8,000
Total	\$ 172,492	\$ 69,771	\$ 31,500	\$ 112,350	\$ 4,000	\$ 8,000	\$ 112,188	\$ 11,000	\$ 2,400	\$ 523,701

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 7 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Contractual agreements and installment purchase agreements are also general obligations of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Total interest expense incurred for the City for the year was \$88,261.

Bond and contractual obligation activity can be summarized as follows:

	Interest rate	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental Activities						
General obligation bonds						
\$345,000 Michigan Transportation Bonds	4.9000 to 5.3500 %	\$ 190,000	\$	\$ 25,000	\$ 165,000	\$ 25,000
\$245,000 Michigan Transportation Bonds	3.4000 to 5.0500 %	180,000		15,000	165,000	15,000
\$125,000 Capital Improvement Bonds	4.9000 to 5.3500 %	85,000		10,000	75,000	10,000
\$175,000 2007 General Obligation Capital Improvement Bonds - for Streets	4.3000 %	170,000		5,000	165,000	5,000
Installment purchase agreements						
\$128,530 Sewer Vacuum	5.5300 %	28,000		28,000		
\$214,446 Fire Truck	4.4000 %	195,536		12,718	182,818	8,604
\$121,949 Dump Truck	4.4000 %	121,949		22,721	99,228	23,228
Compensated absences		85,329	12,772		98,101	
Totals		\$ 1,055,814	\$ 12,772	\$ 118,439	\$ 950,147	\$ 86,832

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

	Interest rate	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Business-Type Activities						
General obligation bonds						
\$320,000 Sewer Capital Improvement Bonds	2.0000 to 3.5500 %	\$ 275,000	\$	\$ 45,000	\$ 230,000	\$ 45,000
\$834,218 Water Bonds	2.5000 %	583,218		38,000	545,218	38,500
\$1,290,000 Water Bonds	2.5000 %	910,000		60,000	850,000	60,000
\$250,000 2007B Harbor Bonds			250,000		250,000	13,000
Installment purchase agreements						
\$36,031 Cots	4.3800 %	36,031		8,321	27,710	8,844
\$216,807 Launch ramp	8.0000 %	208,130		208,130		
Totals		\$ 2,012,379	\$ 250,000	\$ 359,451	\$ 1,902,928	\$ 165,344

	Interest rate	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Component Unit Activities						
General obligation bonds						
\$915,000 1997 Series A	5.1000 %	\$ 530,000	\$	\$ 55,000	\$ 475,000	\$ 55,000
\$785,000 1998 Series A	4.6250 %	465,000		50,000	415,000	55,000
\$210,000 2003 Series A	4.6500 %	210,000			210,000	20,000
\$75,000 2003 Series B	5.0000 %	25,000		25,000		
\$90,000 Bike Path Bonds, Series 2004	4.5000 %	80,000		10,000	70,000	10,000
Totals		\$ 1,310,000	\$	\$ 140,000	\$ 1,170,000	\$ 140,000

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

Annual debt service requirements to maturity for the above obligations are as follows:

June 30,	Governmental Activities		Business Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 91,505	\$ 38,912	\$ 164,844	\$ 53,160	\$ 140,000	\$ 56,108
2010	98,112	34,819	170,731	48,462	145,000	49,380
2011	104,789	30,389	176,135	44,157	150,000	42,416
2012	116,539	25,640	168,000	39,028	155,000	35,156
2013	90,773	20,397	179,000	33,587	165,000	27,662
2014	91,467	15,991	129,000	28,535	170,000	19,708
2015	57,191	11,588	130,000	25,034	175,000	11,476
2016	57,948	8,935	140,218	21,247	20,000	3,255
2017	33,737	6,240	142,000	17,438	25,000	2,325
2018	34,562	4,769	143,000	13,579	25,000	1,162
2019	35,423	3,265	149,000	9,676		
2020	20,000	1,720	149,000	5,628		
2021	20,000	860	20,000	2,184		
2022			21,000	1,323		
2023			21,000	441		
Totals	\$ 852,046	\$ 203,525	\$ 1,902,928	\$ 343,479	\$ 1,170,000	\$ 248,648

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 8 - SEGMENT INFORMATION

Summary financial information for the business funds is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Station Fund	Tourist Park Fund
Assets						
Current assets	\$ 845,528	\$ 544,642	\$ 203,212	\$ 27,636	\$ 36,622	\$ 60,784
Capital assets	2,125,898	2,318,087	75,035	1,387,483	43,035	17,423
Total Assets	2,971,426	2,862,729	278,247	1,415,119	79,657	78,207
Liabilities						
Current liabilities	984	4,331	4,031	117,287	172	31,312
Due to other funds	3,013	2,643	176	2,078	746	851
Noncurrent liabilities	230,000	1,395,218	27,710	250,000	-	-
Total Liabilities	233,997	1,402,192	31,917	369,365	918	32,163
Net Assets						
Invested in capital assets	1,895,898	922,869	47,325	1,137,483	43,035	17,423
Unrestricted	841,531	537,668	199,005	(91,729)	35,704	28,621
Total Net Assets	\$ 2,737,429	\$ 1,460,537	\$ 246,330	\$ 1,045,754	\$ 78,739	\$ 46,044

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Fund	Tourist Park Fund
Charges	\$ 397,894	\$ 569,630	\$ 433,516	\$ 114,295	\$ 56,161	\$ 121,239
Depreciation	71,749	59,052	14,199	48,188	1,093	1,572
Other operating expenses	193,624	185,438	379,010	220,953	47,551	112,506
Operating income	132,521	325,140	40,307	(154,846)	7,517	7,161
Nonoperating revenue (expense)						
Investment earnings	20,029	8,951	396	497	1,050	1,200
Interest expense	(4,116)	(36,855)	(1,736)	(8,248)	-	-
Miscellaneous	-	1,975	5,239	(8,567)	5,290	781
Gain (loss) on disposal of capital assets	-	-	-	-	-	(223)
Transfer in	-	2,400	-	234,350	-	-
Transfer out	(8,000)	(112,188)	(31,500)	(11,000)	-	-
Capital contributions	-	5,800	-	-	-	-
Total nonoperating revenue and expenses	7,913	(129,917)	(27,601)	207,032	6,340	1,758
Changes in net assets	140,434	195,223	12,706	52,186	13,857	8,919
Beginning net assets	2,596,995	1,265,314	233,624	993,568	64,882	37,125
Ending net assets	\$ 2,737,429	\$ 1,460,537	\$ 246,330	\$ 1,045,754	\$ 78,739	\$ 46,044

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Station	Tourist Park Fund
Net cash provided by (used in)						
Operating activities	\$ 202,096	\$ 380,733	\$ 38,777	\$ (6,132)	\$ 9,339	\$ 13,596
Noncapital financing activities	(8,000)	(109,788)	(31,500)	223,350	-	-
Capital and related financing activities	(49,116)	(157,721)	(4,818)	(257,816)	5,290	558
Investing activities	20,029	8,951	396	497	1,050	1,200
Net increase (decrease) in cash	165,009	122,175	2,855	(40,101)	15,679	15,354
Beginning cash and cash equivalents	578,235	277,986	100	55,337	20,943	45,430
Ending cash and cash equivalents	\$ 743,244	\$ 400,161	\$ 2,955	\$ 15,236	\$ 36,622	\$ 60,784

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Benefit Pension Plan -

Plan Description--The City of East Jordan participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers some employees of the City of East Jordan. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy--The obligation to contribute to and maintain the system for these employees was established by negotiation with the City of East Jordan's competitive bargaining units and requires a contribution from the employees of 2 percent of gross wages from Public Works employees, 3 percent from Department Heads and General employees and 6 percent of gross wages from Police employees.

Annual Pension Costs --For year ended December 31, 2007, the City of East Jordan's annual pension cost of \$144,685 for the plan exceeded the required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include: (i) an 8 percent investment rate of return; (ii) projected salary increases of 4.50 percent per year; and (iii) 0.00 to 8.40 percent per year merit and longevity increases. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of December 31, 2007 follows:

	2005	2006	2007
Annual pension cost	\$ 99,673	\$ 146,315	\$ 144,685
Percentage of APC Contributed	100.00 %	100.00 %	100.00 %
Actuarial value of assets	\$ 2,483,887	\$ 2,670,595	\$ 2,849,694
Actuarial accrued liability	\$ 2,849,441	\$ 3,224,885	\$ 3,443,258
Unfunded AAL	\$ 365,441	\$ 554,290	\$ 593,564
Funded ratio	87 %	83 %	83 %
Covered payroll	\$ 864,114	\$ 821,015	\$ 875,357
UAAL as a percentage of covered payroll	42 %	68 %	68 %

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2008

NOTE 10 - RISK MANAGEMENT

The City of East Jordan is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City of East Jordan participates in the Michigan Municipal Risk Management Authority for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City of East Jordan.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the City itself.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

The City has no post-retirement benefit plans at this time other than its pension plan.

MAJOR GOVERNMENTAL FUNDS

City of East Jordan

Charlevoix County, Michigan

General Fund

Balance Sheet

For the year ended June 30, 2008

	2008	2007
ASSETS		
Cash	\$ 86,583	\$ 127,359
Accounts receivable	8,583	10,979
Due from other units of government	51,340	84,457
Inventory	5,317	8,057
Prepaid items	21,058	-
TOTAL ASSETS	\$ 172,881	\$ 230,852
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ -	\$ 1,752
Accrued wages payable	9,600	6,889
Payroll deductions payable	3,023	29
Due to other funds	10,487	2,470
Deferred revenue	3,800	3,350
TOTAL LIABILITIES	26,910	14,490
FUND EQUITY		
Fund balance	145,971	216,362
TOTAL LIABILITIES AND FUND BALANCES	\$ 172,881	\$ 230,852

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
REVENUES					
Property Taxes					
Current real property taxes	\$ 1,087,913	\$ 1,106,862	\$ 1,096,129	\$ (10,733)	\$ 1,053,168
Industrial facility tax	15,000	15,000	12,858	(2,142)	8,254
Delinquent personal property taxes	-	-	-	-	7,260
Penalties and interest on taxes	9,800	12,641	12,642	1	11,467
Property tax administration fee	16,300	16,300	14,923	(1,377)	16,142
Payment in lieu of taxes	1,300	1,300	1,243	(57)	1,322
Trailer tax	350	350	394	44	380
Total Property Taxes	1,130,663	1,152,453	1,138,189	(14,264)	1,097,993
State Grants					
State revenue sharing	274,044	285,480	265,944	(19,536)	265,944
Other state grants	117,000	3,000	3,001	1	2,511
Total State Grants	391,044	288,480	268,945	(19,535)	268,455
Licenses and Permits					
Business licenses and permits	5,000	14,943	21,239	6,296	13,275
Fines and Forfeitures					
Fines and forfeitures	400	750	700	(50)	340
Charges for Services					
Fees	4,665	5,285	2,691	(2,594)	3,624
Services rendered	59,800	59,800	54,444	(5,356)	56,192
Total Charges for Services	64,465	65,085	57,135	(7,950)	59,816
Interest and Rentals					
Interest and dividends	24,000	24,000	23,201	(799)	21,604
Rent	4,012	4,312	5,163	851	6,537
Total Interest and Rentals	28,012	28,312	28,364	52	28,141
Other Revenue					
Contributions and donations	10,500	37,307	28,571	(8,736)	13,535
Refunds	5,000	5,000	17,809	12,809	4,475
Sale of fixed assets	100	100	-	(100)	-
Reimbursements	8,000	8,032	28,550	20,518	10,536
Other	5,500	15,220	5,094	(10,126)	5,115
Total Other Revenue	29,100	65,659	80,024	14,365	33,661
TOTAL REVENUES	1,648,684	1,615,682	1,594,596	(21,086)	1,501,681

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
EXPENDITURES					
General government					
City Commission	\$ 32,670	\$ 30,735	\$ 24,299	\$ 6,436	\$ 29,827
Administrator	79,042	80,542	81,412	(870)	83,672
Clerk	117,044	119,044	109,536	9,508	106,924
Board of review	1,592	2,224	2,069	155	832
Attorney	25,576	44,576	43,250	1,326	34,001
Treasurer	109,776	109,776	103,000	6,776	135,988
Assessor	34,000	34,000	32,600	1,400	31,220
Elections	11,100	11,100	4,862	6,238	3,232
Data processing	20,320	20,320	14,432	5,888	19,731
Building and grounds	112,780	105,780	90,790	14,990	106,169
Cemetery	55,605	55,605	31,971	23,634	34,329
Total General government	599,505	613,702	538,221	75,481	585,925
Public safety					
Police	524,681	529,181	475,683	53,498	488,438
Fire department	99,667	109,565	102,940	6,625	94,426
Plan review fee	-	-	-	-	1,055
Total Public safety	624,348	638,746	578,623	60,123	583,919
Public works					
Department of public works	193,548	207,748	189,474	18,274	169,853
Airport	19,929	20,029	15,414	4,615	17,431
Sidewalks	10,914	23,250	20,296	2,954	15,336
Street lighting	37,000	37,000	41,664	(4,664)	43,875
Total Public works	261,391	288,027	266,848	21,179	246,495
Community and economic development					
Redevelopment and housing	250	250	-	250	-
Zoning	12,086	12,086	8,569	3,517	9,392
Total Community and economic development	12,336	12,336	8,569	3,767	9,392
Recreation and culture					
Parks and recreation	65,212	91,494	82,999	8,495	44,571
Community parks/Skate park	233,591	49,591	35,217	14,374	46,055
Elm Pointe	25,976	25,976	17,804	8,172	17,234
Civic Center	11,260	24,745	24,214	531	12,296
Total Recreation and culture	336,039	191,806	160,234	31,572	120,156

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2008

	Original budget	Final budget	Actual	Variance with final budget	2007
TOTAL EXPENDITURES	\$ 1,833,619	\$ 1,744,617	\$ 1,552,495	\$ 192,122	\$ 1,545,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(184,935)	(128,935)	42,101	171,036	(44,206)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	268,139	497,226	60,000	(437,226)	50,000
Bond or note issuance	76,000	-	-	-	-
Transfers out	(61,135)	(270,222)	(172,492)	97,730	(25,571)
TOTAL OTHER FINANCING SOURCES (USES)	283,004	227,004	(112,492)	(339,496)	24,429
NET CHANGE IN FUND BALANCES	98,069	98,069	(70,391)	(168,460)	(19,777)
Fund Balance at beginning of year	216,362	216,362	216,362	-	236,139
Fund balance at end of year	\$ 314,431	\$ 314,431	\$ 145,971	\$ (168,460)	\$ 216,362

City of East Jordan
Charlevoix County, Michigan
Major Street Fund
Balance Sheet
June 30, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 66,256	\$ 58,472
Due from other funds	10	10
Due from other units of government	23,594	23,794
TOTAL ASSETS	\$ 89,860	\$ 82,276
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Payroll deductions payable	\$ 74	\$ 242
TOTAL LIABILITIES	74	242
<u>FUND EQUITY</u>		
Fund balance	89,786	82,034
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,860	\$ 82,276

City of East Jordan
Charlevoix County, Michigan
Major Street Fund
Budgetary Comparison Schedule

For the year ended June 30, 2008 with comparative actual amounts for 2007

	Original budget	Original and final budget	Actual	Variance with final budget	2007
<u>REVENUE</u>					
Michigan transportation fund	\$ 146,800	\$ 146,800	\$ 144,356	\$ (2,444)	\$ 146,277
Winter maintenance	8,000	8,000	-	(8,000)	-
Other state grants	9,600	9,600	9,204	(396)	9,095
Interest and dividends	2,000	3,000	2,926	(74)	3,559
Other	300	2,600	2,807	207	624
TOTAL REVENUE	166,700	170,000	159,293	(10,707)	159,555
<u>EXPENDITURES</u>					
Street construction	10,872	10,872	-	10,872	-
Street preservation	42,358	47,108	37,458	9,650	46,005
Traffic services	5,404	5,504	796	4,708	1,409
Winter maintenance	29,520	30,170	30,433	(263)	24,866
Administrative, engineering and record keeping	4,400	4,400	4,400	-	3,400
Storm drain	7,862	5,662	1,714	3,948	1,663
Tree trimming	21,804	21,804	6,970	14,834	12,723
TOTAL EXPENDITURES	122,220	125,520	81,771	43,749	90,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	44,480	44,480	77,522	33,042	69,489
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	13,168	13,168	-	(13,168)	-
Transfers out	(57,945)	(57,945)	(69,770)	(11,825)	(60,315)
NET CHANGE IN FUND BALANCES	(297)	(297)	7,752	8,049	9,174
Fund balance Fund balance beginning of year	82,034	82,034	82,034	-	72,860
Fund balance end of year	\$ 81,737	\$ 81,737	\$ 89,786	\$ 8,049	\$ 82,034

City of East Jordan
Charlevoix County, Michigan
Fire Equipment Fund
Balance Sheet
June 30, 2008

	2008	2007
<u>ASSETS</u>		
Cash	\$ 59,745	\$ 51,356
Taxes receivable	667	345
TOTAL ASSETS	\$ 60,412	\$ 51,701

LIABILITIES AND FUND BALANCES

FUND BALANCES		
Fund balance	\$ 60,412	51,701

City of East Jordan
Charlevoix County, Michigan
Fire Equipment Fund
Budgetary Comparison Schedule

For the year ended June 30, 2008 with comparative actual amounts for 2007

	Original budget	Final budget	2008	Variance with final budget	2007
REVENUE					
Property taxes					
Current real property taxes	\$ 26,800	\$ 28,084	\$ 28,074	\$ (10)	\$ 26,732
Penalties and interest on taxes	100	100	99	(1)	111
Payment in lieu of taxes	30	30	31	1	211
Total Property taxes	26,930	28,214	28,204	(10)	27,054
Interest and rents					
Interest and dividends	1,800	1,800	1,827	27	1,865
Total Interest and rents	1,800	1,800	1,827	27	1,865
TOTAL REVENUE	28,730	30,014	30,031	17	28,919
EXPENDITURES					
Public safety					
Fire department	21,322	22,606	21,320	1,286	21,321
NET CHANGE IN FUND BALANCES	7,408	7,408	8,711	1,303	7,598
Fund balance beginning of year	51,701	51,701	51,701	-	44,103
Fund balance end of year	\$ 59,109	\$ 59,109	\$ 60,412	\$ 1,303	\$ 51,701

MAJOR BUSINESS-TYPE FUNDS

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 739,128	\$ 578,235
Accounts receivable	102,284	100,814
Total Current assets	841,412	679,049
Noncurrent assets		
Capital assets		
Land	21,626	21,626
Improvements other than buildings	3,761,698	3,761,698
Machinery and equipment	15,527	15,527
Less accumulated depreciation	(1,672,953)	(1,601,204)
Total Capital assets	2,125,898	2,197,647
TOTAL ASSETS	\$ 2,967,310	\$ 2,876,696
LIABILITIES		
Current liabilities		
Due to other funds	\$ 3,013	\$ 1,519
Accrued wages payable	984	3,182
Total Current liabilities	3,997	4,701
Noncurrent liabilities		
Bonds payable	230,000	275,000
TOTAL LIABILITIES	233,997	279,701
NET ASSETS		
Invested in capital assets, net of related debt	1,895,898	1,922,647
Unrestricted	837,415	674,348
TOTAL NET ASSETS	2,733,313	2,596,995
TOTAL LIABILITIES AND NET ASSETS	\$ 2,967,310	\$ 2,876,696

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Services rendered	\$ 386,139	\$ 368,270
Fees	11,755	13,521
TOTAL OPERATING REVENUE	397,894	381,791
<u>OPERATING EXPENSES</u>		
Salaries and wages	62,209	68,486
Payroll taxes	4,927	5,209
Hospitalization insurance	21,173	22,139
Retirement contribution	5,527	6,126
Workers compensation insurance	1,383	1,551
Supplies	3,463	1,811
Contractual services	6,841	12,830
Education	213	168
Insurance	497	1,951
Utilities	22,079	25,553
Repairs and maintenance	19,346	22,247
Rent	38,508	43,485
Depreciation	71,749	70,969
Capital outlay	2,898	1,310
Fees	225	225
Other	4,334	4,363
TOTAL OPERATING EXPENSES	265,372	288,423
OPERATING INCOME	132,522	93,368
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	20,029	21,154
Other	-	2,146
Interest expense	(8,233)	(9,133)
TOTAL NONOPERATING REVENUES (EXPENSES)	11,796	14,167
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	144,318	107,535
Transfers out	(8,000)	(25,067)
CHANGE IN NET ASSETS	136,318	82,468
NET ASSETS - BEGINNING OF YEAR	2,596,995	2,514,527
NET ASSETS - END OF YEAR	\$ 2,733,313	\$ 2,596,995

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 396,424	\$ 373,384
Payments to suppliers	(124,993)	(144,003)
Payments to employees	(69,334)	(72,504)
Net cash provided (used) by operating activities	202,097	156,877
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(8,000)	(25,067)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	-	(81,610)
Principal and interest paid on capital debt	(53,233)	(54,133)
Other receipts (payments)	-	2,146
Change in due from other funds	-	9,320
Net cash provided (used) by capital and related financing activities	(53,233)	(124,277)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	20,029	21,154
Net cash provided by investing activities	20,029	21,154
Net increase (decrease) in cash and cash equivalents	160,893	28,687
Balances - beginning of year	578,235	549,548
Balances - end of year	\$ 739,128	\$ 578,235
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 132,522	\$ 93,368
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	71,749	70,969
Change in net assets and liabilities		
Receivables - net	(1,470)	(8,407)
Accounts and other payables	(2,198)	947
Payment of amounts due to other funds	1,494	-
Net cash provided by operating activities	\$ 202,097	\$ 156,877

City of East Jordan

Charlevoix County, Michigan

Water Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 400,161	\$ 277,986
Accounts receivable	144,481	139,974
Total Current assets	544,642	417,960
Noncurrent assets		
Capital assets		
Land	36,322	36,322
Improvements other than buildings	3,082,590	3,051,949
Less accumulated depreciation	(800,825)	(741,772)
Total Capital assets	2,318,087	2,346,499
TOTAL ASSETS	\$ 2,862,729	\$ 2,764,459
LIABILITIES		
Current liabilities		
Due to other funds	\$ 2,643	\$ 1,843
Customers deposits payable	1,428	1,555
Accrued wages payable	2,903	2,529
Total Current liabilities	6,974	5,927
Noncurrent liabilities		
Bonds payable	1,395,218	1,493,218
TOTAL LIABILITIES	1,402,192	1,499,145
NET ASSETS		
Invested in capital assets, net of related debt	922,869	853,281
Unrestricted	537,668	412,033
TOTAL NET ASSETS	1,460,537	1,265,314
TOTAL LIABILITIES AND NET ASSETS	\$ 2,862,729	\$ 2,764,459

City of East Jordan

Charlevoix County, Michigan

Water Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Fees	\$ 4,353	\$ 13,962
Services rendered	565,277	519,963
TOTAL OPERATING REVENUE	569,630	533,925
<u>OPERATING EXPENSES</u>		
Salaries and wages	62,062	68,402
Payroll taxes	4,719	5,405
Hospitalization insurance	20,461	24,121
Retirement contribution	5,310	7,031
Workers compensation insurance	1,968	2,059
Supplies	8,024	8,677
Contractual services	5,393	36,532
Insurance	1,567	3,322
Utilities	21,625	21,643
Repairs and maintenance	15,822	30,465
Rent	36,059	47,239
Depreciation	59,052	47,308
Fees	1,697	1,685
Other	731	676
TOTAL OPERATING EXPENSES	244,490	304,565
OPERATING INCOME	325,140	229,360
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	8,951	9,235
Other	1,975	5,353
Interest expense	(36,855)	(39,305)
TOTAL NONOPERATING REVENUES (EXPENSES)	(25,929)	(24,717)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	299,211	204,643
Capital contributions	5,800	-
Transfers in	2,400	-
Transfers out	(112,188)	(62,318)
CHANGE IN NET ASSETS	195,223	142,325
NET ASSETS - BEGINNING OF YEAR	1,265,314	1,122,989
NET ASSETS - END OF YEAR	\$ 1,460,537	\$ 1,265,314

City of East Jordan

Charlevoix County, Michigan

Water Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 564,996	\$ 536,178
Payments to suppliers	(117,856)	(190,459)
Payments to employees	(66,407)	(74,851)
Customer deposits	-	270
Net cash provided (used) by operating activities	380,733	271,138
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(109,788)	(62,318)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital contributions	5,800	-
Purchase of capital assets	(30,641)	(167,313)
Principal and interest paid on capital debt	(134,855)	(137,305)
Other receipts (payments)	1,975	5,353
Net cash provided (used) by capital and related financing activities	(157,721)	(299,265)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	8,951	9,235
Net cash provided by investing activities	8,951	9,235
Net increase (decrease) in cash and cash equivalents	122,175	(81,210)
Balances - beginning of year	277,986	359,196
Balances - end of year	\$ 400,161	\$ 277,986
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 325,140	\$ 229,360
Adjustments to reconcile operating income to net cash		
Provided (used) by operating activities		
Depreciation	59,052	47,308
Change in net assets and liabilities		
Receivables - net	(4,506)	2,253
Accounts and other payables	1,174	(8,053)
Customer deposits	(127)	270
Net cash provided by operating activities	\$ 380,733	\$ 271,138

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 2,955	\$ 100
Accounts receivable	200,257	186,213
Total Current assets	203,212	186,313
Capital assets		
Machinery and equipment	378,478	378,478
Less accumulated depreciation	(303,443)	(289,244)
Total Capital assets	75,035	89,234
TOTAL ASSETS	\$ 278,247	\$ 275,547
LIABILITIES		
Current liabilities		
Accounts payable	\$ -	\$ 1,961
Due to other funds	176	-
Payroll deductions payable	4,031	3,931
Total Current liabilities	4,207	5,892
Noncurrent liabilities		
Installment purchase agreement	27,710	36,031
TOTAL LIABILITIES	31,917	41,923
NET ASSETS		
Invested in capital assets, net of related debt	47,325	53,203
Unrestricted	199,005	180,421
TOTAL NET ASSETS	246,330	233,624
TOTAL LIABILITIES AND NET ASSETS	\$ 278,247	\$ 275,547

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Services rendered	\$ 433,516	\$ 437,760
TOTAL OPERATING REVENUE	433,516	437,760
<u>OPERATING EXPENSES</u>		
Salaries and wages	201,529	201,519
Payroll taxes	15,410	15,418
Hospitalization insurance	48,884	44,065
Retirement contribution	10,799	12,192
Workers compensation insurance	4,698	5,215
Supplies	37,699	32,951
Contractual services	16,444	16,892
Education	8,404	9,625
Insurance	4,026	5,010
Utilities	7,765	7,014
Repairs and maintenance	14,175	12,228
Rent	752	1,462
Depreciation	14,199	30,140
Capital outlay	6,787	4,869
Fees	765	1,465
Other	873	1,431
TOTAL OPERATING EXPENSES	393,209	401,496
OPERATING INCOME	40,307	36,264
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	396	174
Sale of fixed assets	-	1,500
Contributions and donations	2,000	-
Reimbursements	2	17
Other	3,237	14,778
Interest expense	(1,736)	(702)
TOTAL NONOPERATING REVENUES (EXPENSES)	3,899	15,767
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	44,206	52,031
Transfers in	-	21,500
Transfers out	(31,500)	(15,000)
CHANGE IN NET ASSETS	12,706	58,531
NET ASSETS - BEGINNING OF YEAR	233,624	175,093
NET ASSETS - END OF YEAR	\$ 246,330	\$ 233,624

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 419,472	\$ 420,063
Payments to suppliers	(163,856)	(153,000)
Payments to employees	(216,839)	(216,950)
Net cash provided (used) by operating activities	38,777	50,113
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(31,500)	6,500
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	-	(51,731)
Principal and interest paid on capital debt	(10,057)	(21,251)
Other receipts (payments)	5,239	16,295
Net cash provided (used) by capital and related financing activities	(4,818)	(56,687)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	396	174
Net cash provided by investing activities	396	174
Net increase (decrease) in cash and cash equivalents	2,855	100
Balances - beginning of year	100	-
Balances - end of year	\$ 2,955	\$ 100
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 40,307	\$ 36,264
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	14,199	30,140
Change in net assets and liabilities		
Receivables - net	(14,044)	(17,697)
Accounts and other payables	(1,861)	1,406
Payment of amounts due to other funds	176	-
Net cash provided by operating activities	\$ 38,777	\$ 50,113

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 15,236	\$ 55,337
Inventory	12,400	13,786
Total Current assets	27,636	69,123
Noncurrent assets		
Capital assets		
Land	289,285	289,285
Improvements other than buildings	1,685,638	1,409,967
Machinery and equipment	43,300	36,100
Less accumulated depreciation	(630,740)	(582,553)
Total Capital assets	1,387,483	1,152,799
TOTAL ASSETS	\$ 1,415,119	\$ 1,221,922
LIABILITIES		
Current liabilities		
Accounts payable	\$ 104,143	\$ -
Accrued wages payable	1,788	1,861
Due to other funds	2,078	-
Deferred revenue	11,356	18,363
Total Current liabilities	119,365	20,224
Noncurrent liabilities		
Bonds payable	250,000	-
Notes payable	-	208,130
Total Noncurrent liabilities	250,000	208,130
TOTAL LIABILITIES	369,365	228,354
NET ASSETS		
Invested in capital assets, net of related debt	1,137,483	944,669
Unrestricted	(91,729)	48,899
TOTAL NET ASSETS	1,045,754	993,568
TOTAL LIABILITIES AND NET ASSETS	\$ 1,415,119	\$ 1,221,922

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Services rendered	\$ 746	\$ 639
Sales	72,165	74,791
Rent	41,384	64,277
TOTAL OPERATING REVENUE	114,295	139,707
<u>OPERATING EXPENSES</u>		
Salaries and wages	60,144	48,743
Payroll taxes	7,227	3,687
Hospitalization insurance	13,239	8,021
Retirement contribution	4,203	2,848
Workers compensation insurance	1,517	1,705
Supplies	71,795	59,224
Contractual services	10,225	8,018
Education	1,511	1,156
Insurance	2,912	3,556
Utilities	18,146	13,552
Repairs and maintenance	11,518	12,542
Rent	14,877	271
Depreciation	48,188	28,435
Capital outlay	150	3,907
Fees	1,912	2,421
Other	1,577	3,042
TOTAL OPERATING EXPENSES	269,141	201,128
OPERATING INCOME	(154,846)	(61,421)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	497	3,407
Gain on sale of depreciable assets	-	881
Other	(8,567)	294
Interest expense	(8,248)	(17,031)
TOTAL NONOPERATING REVENUES (EXPENSES)	(16,318)	(12,449)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(171,164)	(73,870)
State grant	-	7,831
Transfers in	234,350	10,000
Transfers out	(11,000)	-
CHANGE IN NET ASSETS	52,186	(56,039)
NET ASSETS - BEGINNING OF YEAR	993,568	1,049,607
NET ASSETS - END OF YEAR	\$ 1,045,754	\$ 993,568

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 107,288	\$ 136,746
Payments to suppliers	(45,976)	(123,802)
Payments to employees	(67,444)	(51,886)
Net cash provided (used) by operating activities	(6,132)	(38,942)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	223,350	10,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from capital debt	250,000	-
Capital contributions	-	7,831
Purchase of capital assets	(282,871)	(32,540)
Principal and interest paid on capital debt	(216,378)	(25,708)
Other receipts (payments)	(8,567)	1,175
Net cash provided (used) by capital and related financing activities	(257,816)	(49,242)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	497	3,407
Net cash provided by investing activities	497	3,407
Net increase (decrease) in cash and cash equivalents	(40,101)	(74,777)
Balances - beginning of year	55,337	130,114
Balances - end of year	\$ 15,236	\$ 55,337
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ (154,846)	\$ (61,421)
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	48,188	28,435
Change in net assets and liabilities		
Inventories	1,386	(3,392)
Accounts and other payables	106,147	397
Recognition of deferred revenue	(7,007)	(2,961)
Net cash provided by operating activities	\$ (6,132)	\$ (38,942)

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 36,622	\$ 20,943
Total Current assets	36,622	20,943
Noncurrent assets		
Capital assets		
Improvements other than buildings	55,037	55,037
Less accumulated depreciation	(12,002)	(10,908)
Total Capital assets	43,035	44,129
TOTAL ASSETS	\$ 79,657	\$ 65,072
LIABILITIES		
Current liabilities		
Due to other funds	\$ 746	\$ -
Accrued wages payable	172	190
Total Current liabilities	918	190
NET ASSETS		
Invested in capital assets, net of related debt	43,035	44,129
Unrestricted	35,704	20,753
TOTAL NET ASSETS	78,739	64,882
TOTAL LIABILITIES AND NET ASSETS	\$ 79,657	\$ 65,072

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Fees	\$ 56,051	\$ 50,854
Sales	110	510
TOTAL OPERATING REVENUE	56,161	51,364
<u>OPERATING EXPENSES</u>		
Salaries and wages	12,523	10,435
Payroll taxes	959	798
Hospitalization insurance	1,218	924
Retirement contribution	371	232
Workers compensation insurance	371	417
Supplies	199	413
Contractual services	22,369	24,784
Utilities	909	916
Repairs and maintenance	1,896	1,588
Rent	6,736	3,733
Depreciation	1,093	1,091
TOTAL OPERATING EXPENSES	48,644	45,331
OPERATING INCOME	7,517	6,033
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	1,050	999
Other	5,290	467
TOTAL NONOPERATING REVENUES (EXPENSES)	6,340	1,466
CHANGE IN NET ASSETS	13,857	7,499
NET ASSETS - BEGINNING OF YEAR	64,882	57,383
NET ASSETS - END OF YEAR	\$ 78,739	\$ 64,882

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 56,161	\$ 51,364
Payments to suppliers	(33,322)	(33,007)
Payments to employees	(13,500)	(11,226)
Net cash provided (used) by operating activities	9,339	7,131
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	-	(500)
Other receipts (payments)	5,290	467
Due from other funds	-	(16,280)
Net cash provided (used) by capital and related financing activities	5,290	(16,313)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	1,050	999
Net cash provided by investing activities	1,050	999
Net increase (decrease) in cash and cash equivalents	15,679	(8,183)
Balances - beginning of year	20,943	29,126
Balances - end of year	\$ 36,622	\$ 20,943
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 7,517	\$ 6,033
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	1,093	1,091
Change in net assets and liabilities		
Accounts and other payables	729	7
Net cash provided by operating activities	\$ 9,339	\$ 7,131

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 60,784	\$ 45,430
Total Current assets	60,784	45,430
Noncurrent assets		
Capital assets		
Land	7,769	7,769
Improvements other than buildings	103,759	103,759
Machinery and equipment	9,113	9,113
Buildings	128,660	128,660
Less accumulated depreciation	(231,878)	(230,306)
Total Capital assets	17,423	18,995
TOTAL ASSETS	\$ 78,207	\$ 64,425
LIABILITIES		
Current liabilities		
Due to other funds	\$ 851	\$ 76
Payroll deductions payable	2,944	1,676
Deferred revenue	28,068	25,198
Customers deposits payable	300	350
Total Current liabilities	32,163	27,300
NET ASSETS		
Invested in capital assets, net of related debt	17,423	18,995
Unrestricted	28,621	18,130
TOTAL NET ASSETS	46,044	37,125
TOTAL LIABILITIES AND NET ASSETS	\$ 78,207	\$ 64,425

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Fees	\$ 118,000	\$ 104,946
Sales	3,239	2,955
TOTAL OPERATING REVENUE	121,239	107,901
<u>OPERATING EXPENSES</u>		
Salaries and wages	51,857	50,302
Payroll taxes	4,139	3,845
Hospitalization insurance	5,357	4,545
Retirement contribution	3,831	1,316
Workers compensation insurance	281	291
Supplies	6,251	8,128
Contractual services	1,124	1,764
Education	387	825
Insurance	870	626
Utilities	27,256	47,454
Repairs and maintenance	2,750	5,137
Rent	1,891	1,045
Depreciation	1,572	1,620
Capital outlay	4,166	5,274
Other	2,346	2,121
TOTAL OPERATING EXPENSES	114,078	134,293
OPERATING INCOME	7,161	(26,392)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	1,200	1,464
Other	781	645
Sale of fixed assets	(223)	1,440
TOTAL NONOPERATING REVENUES (EXPENSES)	1,758	3,549
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,919	(22,843)
Transfers in	-	8,500
Transfers out	-	(11,433)
CHANGE IN NET ASSETS	8,919	(25,776)
NET ASSETS - BEGINNING OF YEAR	37,125	62,901
NET ASSETS - END OF YEAR	\$ 46,044	\$ 37,125

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 124,109	\$ 111,034
Payments to suppliers	(55,735)	(78,776)
Payments to employees	(54,728)	(54,103)
Customer deposits	(50)	-
Net cash provided (used) by operating activities	13,596	(21,845)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	-	(2,933)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	-	(4,351)
Other receipts (payments)	558	2,085
Gain on sale of assets	-	200
Net cash provided (used) by capital and related financing activities	558	(2,066)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	1,200	1,464
Net cash provided by investing activities	1,200	1,464
Net increase (decrease) in cash and cash equivalents	15,354	(25,380)
Balances - beginning of year	45,430	70,810
Balances - end of year	\$ 60,784	\$ 45,430
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 7,161	\$ (26,392)
Adjustments to reconcile Operating income to net cash		
Depreciation	1,572	1,620
Change in net assets and liabilities		
Accounts and other payables	1,993	(356)
Recognition of deferred revenue	2,870	3,283
Net cash provided by operating activities	\$ 13,596	\$ (21,845)

OTHER SUPPLEMENTAL INFORMATION

City of East Jordan

Charlevoix County, Michigan

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2008

	Local Streets Fund	Rehabilitation Fund	2007A Debt	2002 Debt
ASSETS				
Cash and cash equivalents	\$ 7,034	\$ 7,125	\$ 1,737	102
Due from other units of government	8,308	-	-	-
TOTAL ASSETS	\$ 15,342	\$ 7,125	\$ 1,737	102
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to other funds	\$ 80	\$ -	\$ -	-
Payroll deductions payable	139	-	-	-
Deposits	-	-	-	-
TOTAL LIABILITIES	219	-	-	-
FUND EQUITY				
Restricted for				
Debt service	-	-	1,737	102
Capital outlay	-	-	-	-
Streets and highways	15,123	-	-	-
Unrestricted	-	7,125	-	-
TOTAL FUND BALANCES	15,123	7,125	1,737	102
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,342	\$ 7,125	\$ 1,737	102

	2007B Debt	1999 Michigan Transportation	2001 Michigan Transportation	Bandshell	Industrial Complex	2007	Fire/EMS Building	Total
\$	1,000	\$ 104	\$ 90	\$ 7,548	\$ 190	\$ 3,549	\$ 474	28,953
	-	-	-	-	-	-	-	8,308
\$	1,000	\$ 104	\$ 90	\$ 7,548	\$ 190	\$ 3,549	\$ 474	37,261

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	80
	-	-	-	-	-	-	-	139
	-	-	-	300	-	-	-	300
	-	-	-	300	-	-	-	519

	1,000	104	90	-	-	-	-	3,033
	-	-	-	7,248	190	3,549	474	11,461
	-	-	-	-	-	-	-	15,123
	-	-	-	-	-	-	-	7,125
	1,000	104	90	7,248	190	3,549	474	36,742

\$	1,000	\$ 104	\$ 90	\$ 7,548	\$ 190	\$ 3,549	\$ 474	37,261
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City of East Jordan

Charlevoix County, Michigan

Nonmajor Governmental Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2008

	Local Streets Fund	Rehabilitation Fund	2007A Debt	2002 Debt
REVENUE				
State grants				
Michigan transportation fund	\$ 50,701	\$ -	\$ -	\$ -
Interest and rentals				
Interest	231	1,523	-	-
Other revenue				
Other	100	-	-	-
Contributions and donations	-	-	-	-
Total Other revenue	100	-	-	-
TOTAL REVENUE	51,032	1,523	-	-
EXPENDITURES				
Current				
Streets	66,106	-	-	-
Debt Service	-	-	12,310	14,188
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	66,106	-	12,310	14,188
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,074)	1,523	(12,310)	(14,188)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,000	51,682	12,310	14,188
Transfer out	-	(112,350)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,000	(60,668)	12,310	14,188
NET CHANGE IN FUND BALANCES	(4,074)	(59,145)	-	-
FUND BALANCES, BEGINNING OF YEAR	19,197	66,270	1,737	102
FUND BALANCES, END OF YEAR	\$ 15,123	\$ 7,125	\$ 1,737	\$ 102

2007B Debt	1999 Michigan Transportation	2001 Michigan Transportation	Bandshell	Industrial Complex	2007	Fire/EMS Building	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,701
-	-	-	102	5	-	3	1,864
-	-	-	2	-	-	-	102
-	-	-	11,192	-	-	1,350	12,542
-	-	-	11,194	-	-	1,350	12,644
-	-	-	11,296	5	-	1,353	65,209
-	-	-	-	-	-	-	66,106
-	35,283	23,488	-	-	-	-	85,269
-	-	-	10,455	-	41,660	880	52,995
-	35,283	23,488	10,455	-	41,660	880	204,370
-	(35,283)	(23,488)	841	5	(41,660)	473	(139,161)
1,000	35,283	23,488	-	-	30,000	-	178,951
-	-	-	-	-	-	-	(112,350)
1,000	35,283	23,488	-	-	30,000	-	66,601
1,000	-	-	841	5	(11,660)	473	(72,560)
-	104	90	6,407	185	15,209	1	109,302
\$ 1,000	\$ 104	\$ 90	\$ 7,248	\$ 190	\$ 3,549	\$ 474	\$ 36,742

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Balance Sheet

June 30, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 168,411	\$ 120,155
Due from other funds	20,064	5,898
Total Current assets	188,475	126,053
Noncurrent assets		
Capital assets		
Improvements other than buildings	284,743	284,743
Machinery and equipment	1,043,531	1,043,531
Less accumulated depreciation	(987,502)	(931,944)
Total Capital assets	340,772	396,330
TOTAL ASSETS	\$ 529,247	\$ 522,383
LIABILITIES		
Current liabilities		
Payroll deductions payable	\$ 2,019	\$ 2,117
Noncurrent liabilities		
Installment purchase agreement	99,228	149,949
TOTAL LIABILITIES	101,247	152,066
NET ASSETS		
Invested in capital assets, net of related debt	241,544	246,381
Unrestricted	186,456	123,936
TOTAL NET ASSETS	428,000	370,317
TOTAL LIABILITIES AND NET ASSETS	\$ 529,247	\$ 522,383

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2008 with comparative actual amounts for 2007

	2008	2007
<u>OPERATING REVENUE</u>		
Rent	\$ 306,314	\$ 287,473
Services rendered	12,449	14,820
TOTAL OPERATING REVENUE	318,763	302,293
<u>OPERATING EXPENSES</u>		
Salaries and wages	61,161	56,624
Payroll taxes	4,685	4,072
Hospitalization insurance	20,387	18,979
Retirement contribution	5,298	5,368
Workers compensation insurance	2,188	2,467
Supplies	57,731	44,883
Contractual services	700	851
Education	282	620
Insurance	11,296	12,231
Utilities	11,739	11,889
Repairs and maintenance	31,453	16,463
Depreciation	55,557	62,656
Capital outlay	7,921	5,871
Fees	116	81
Other	783	671
TOTAL OPERATING EXPENSES	271,297	243,726
OPERATING INCOME	47,466	58,567
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	2,529	960
Sale of fixed assets	100	6,386
Other	2,010	1,668
Interest expense	(6,422)	(3,042)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,783)	5,972
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	45,683	64,539
Transfers in	16,000	16,000
Transfers out	(4,000)	(4,000)
CHANGE IN NET ASSETS	57,683	76,539
Invested in capital assets, net of related debt - BEGINNING OF YEAR	370,317	293,778
Invested in capital assets, net of related debt - END OF YEAR	\$ 428,000	\$ 370,317

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Statement of Cash Flows

For the year ended June 30, 2008

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 304,597	\$ 307,272
Payments to suppliers	(149,893)	(120,375)
Payments to employees	(65,944)	(59,305)
Net cash provided (used) by operating activities	88,760	127,592
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	12,000	12,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from capital debt	-	121,949
Purchase of capital assets	-	(131,335)
Principal and interest paid on capital debt	(57,143)	(52,583)
Other receipts (payments)	2,110	8,054
Net cash provided (used) by capital and related financing activities	(55,033)	(53,915)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	2,529	960
Net cash provided by investing activities	2,529	960
Net increase (decrease) in cash and cash equivalents	48,256	86,637
Balances - beginning of year	120,155	33,518
Balances - end of year	\$ 168,411	\$ 120,155
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 47,466	\$ 58,566
Provided (used) by operating activities		
Depreciation	55,557	62,656
Receivables - net	(14,165)	4,979
Accounts and other payables	(98)	1,391
Net cash provided by operating activities	\$ 88,760	\$ 127,592

City of East Jordan

Charlevoix County, Michigan

Agency Funds

Balance Sheet

June 30, 2008

	Balance			Balance
	July 1, 2007	Additions	Deletions	June 30, 2008
Ambulance				
<u>Assets</u>				
Cash	\$ 115	\$ 28	\$	143
<u>Liabilities</u>				
Undistributed collections	\$ 115	\$ 28	\$	143
Fire Department				
<u>Assets</u>				
Cash	\$ 9,434	\$ 3,191	\$ 6,711	5,914
<u>Liabilities</u>				
Undistributed collections	\$ 9,434	\$ 3,191	\$ 6,711	5,914
Police Department				
<u>Assets</u>				
Cash	\$ 1,994	\$ 5,161	\$ 4,045	3,110
<u>Liabilities</u>				
Undistributed collections	\$ 1,994	\$ 5,161	\$ 4,045	3,110
Cemetery Perpetual Care				
<u>Assets</u>				
Cash	\$ 171,518	\$ 3,890	\$ 1	175,407
<u>Liabilities</u>				
Undistributed collections	\$ 171,518	\$ 3,890	\$ 1	175,407
Total All Agency Funds				
<u>Assets</u>				
Cash	\$ 183,061	\$ 12,270	\$ 10,757	184,574
<u>Liabilities</u>				
Undistributed collections	\$ 183,061	\$ 12,270	\$ 10,757	184,574

LONG-TERM DEBT

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$214,446 Fire Truck Installment Purchase Agreement

June 30, 2008

Year End	Interest Rate	Principal	Interest	Total
2009	4.4000 %	\$ 13,277	\$ 8,044	\$ 21,321
2010	4.4000 %	13,861	7,460	21,321
2011	4.4000 %	14,471	6,850	21,321
2012	4.4000 %	15,108	6,213	21,321
2013	4.4000 %	15,773	5,648	21,421
2014	4.4000 %	16,467	4,854	21,321
2015	4.4000 %	17,191	4,130	21,321
2016	4.4000 %	17,948	3,373	21,321
2017	4.4000 %	18,737	2,584	21,321
2018	4.4000 %	19,562	1,759	21,321
2019	4.4000 %	20,423	899	21,322
Totals		\$ 182,818	\$ 51,814	\$ 234,632

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$345,000 1999 Michigan Transportation Bonds

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		June 1	December 1	June 1	June 1	
2009	5.050%	\$ 25,000	\$ 4,310	\$ 4,310	\$	33,620
2010	5.150%	25,000	3,678	3,679		32,357
2011	5.200%	25,000	3,035	3,035		31,070
2012	5.250%	30,000	2,385	2,385		34,770
2013	5.300%	30,000	1,598	1,597		33,195
2014	5.350%	30,000	802	803		31,605
Totals		\$ 165,000	\$ 15,808	\$ 15,809	\$	196,617

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$175,000 2007 General Obligation Capital Improvement Bonds - for Streets

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		December 1	December 1	June 1	June 1	
2009	4.300%	\$ 5,000	\$ 3,547	\$ 3,547	\$ 3,547	12,094
2010	4.300%	5,000	3,440	3,440	3,440	11,880
2011	4.300%	10,000	3,332	3,332	3,332	16,664
2012	4.300%	10,000	3,117	3,117	3,117	16,234
2013	4.300%	10,000	2,902	2,902	2,902	15,804
2014	4.300%	10,000	2,688	2,688	2,688	15,376
2015	4.300%	15,000	2,473	2,473	2,473	19,946
2016	4.300%	15,000	2,150	2,150	2,150	19,300
2017	4.300%	15,000	1,828	1,828	1,828	18,656
2018	4.300%	15,000	1,505	1,505	1,505	18,010
2019	4.300%	15,000	1,183	1,183	1,183	17,366
2020	4.300%	20,000	860	860	860	21,720
2021	4.300%	20,000	430	430	430	20,860
Totals		\$ 165,000	\$ 29,455	\$ 29,455	\$ 29,455	223,910

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$125,000 2002 General Obligation Capital Improvement Bonds (Limited Tax)

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		June 1	December 1	June 1	June 1	
2009	5.050%	\$ 10,000	\$ 1,649	\$ 1,649	\$	13,298
2010	5.150%	10,000	1,448	1,448		12,896
2011	5.200%	10,000	1,238	1,238		12,476
2012	5.250%	15,000	1,024	1,024		17,048
2013	5.300%	15,000	694	694		16,388
2014	5.350%	15,000	352	352		15,704
Totals		\$ 75,000	\$ 6,405	\$ 6,405	\$	87,810

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$245,000 2001 Michigan Transportation Bonds

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		June 1	December 1	June 1	June 1	
2009	4.050%	\$ 15,000	\$ 3,745	\$ 3,745	\$	22,490
2010	4.150%	20,000	3,441	3,441		26,882
2011	4.200%	20,000	3,026	3,026		26,052
2012	4.250%	20,000	2,606	2,606		25,212
2013	4.550%	20,000	2,181	2,181		24,362
2014	4.700%	20,000	1,726	1,726		23,452
2015	5.000%	25,000	1,256	1,256		27,512
2016	5.050%	25,000	631	631		26,262
Totals		\$ 165,000	\$ 18,612	\$ 18,612	\$	202,224

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$121,949 Plow Truck Dated September 6, 2006

June 30, 2008

Year End	Interest Rate	Principal	Interest	Total
2009	4.4000 %	\$ 23,228	\$ 4,366	\$ 27,594
2010	4.4000 %	24,251	3,344	27,595
2011	4.4000 %	25,318	2,277	27,595
2012	4.4000 %	26,431	1,163	27,594
Totals		\$ 99,228	\$ 11,150	\$ 110,378

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$320,000 General Obligation Capital Improvement Bonds (Limited Tax) - Sewer Fund, Series 2004

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		April 1	October 1	April 1	April 1	
2009	2.650%	\$ 45,000	\$ 3,559	\$ 3,559	\$	52,118
2010	2.800%	45,000	3,003	3,003		51,006
2011	3.150%	45,000	2,350	2,350		49,700
2012	3.350%	45,000	1,641	1,641		48,282
2013	3.550%	50,000	887	887		51,774
Totals		\$ 230,000	\$ 11,440	\$ 11,440	\$	252,880

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$834,218 Michigan Drinking Water Revolving Fund Program Bonds, 1999 Series A

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		October 1	April 1	October 1		
2009	2.500%	\$ 38,000	\$ 5,815	\$ 6,340	\$	50,155
2010	2.500%	38,500	6,340	5,859		50,699
2011	2.500%	43,500	5,859	5,915		55,274
2012	2.500%	44,000	5,915	4,763		54,678
2013	2.500%	44,000	4,763	4,215		52,978
2014	2.500%	44,000	4,215	3,865		52,080
2015	2.500%	44,000	3,865	3,115		50,980
2016	2.500%	49,218	3,115	2,500		54,833
2017	2.500%	50,000	2,500	1,875		54,375
2018	2.500%	50,000	1,875	1,250		53,125
2019	2.500%	50,000	1,250	625		51,875
2020	2.500%	50,000	625	-		50,625
Totals		\$ 545,218	\$ 46,137	\$ 40,322	\$	631,677

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$1,290,000 Michigan Drinking Water Revolving Fund Program Bonds, 1999 Series B

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		April 1	October 1	April 1		
2009	2.500%	\$ 60,000	\$ 10,625	\$ 10,625	\$	81,250
2010	2.500%	65,000	9,875	9,875		84,750
2011	2.500%	65,000	9,063	9,063		83,126
2012	2.500%	65,000	8,250	8,250		81,500
2013	2.500%	70,000	7,438	7,438		84,876
2014	2.500%	70,000	6,563	6,563		83,126
2015	2.500%	70,000	5,688	5,688		81,376
2016	2.500%	75,000	4,813	4,813		84,626
2017	2.500%	75,000	3,875	3,875		82,750
2018	2.500%	75,000	2,938	2,938		80,876
2019	2.500%	80,000	2,000	2,000		84,000
2020	2.500%	80,000	1,000	1,000		82,000
Totals		\$ 850,000	\$ 72,128	\$ 72,128	\$	994,256

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$36,031 Installment Purchase Agreement for Cots

June 30, 2008

Year End	Interest rate	Principal	Interest	Total
2009	4.380%	\$ 8,844	\$ 1,214	\$ 10,058
2010	4.380%	9,231	826	10,057
2011	4.380%	9,635	422	10,057
Totals		\$ 27,710	\$ 2,462	\$ 30,172

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$250,000 2007B Capital Improvement Bonds - Harbor

June 30, 2008

Year End	Interest rate	Principal		Interest		Total
		August 1	August 1	February 1		
2009	4.200%	\$ 13,000	\$ 6,446	\$ 4,977	\$	24,423
2010	4.200%	13,000	4,977	4,704		22,681
2011	4.200%	13,000	4,704	4,431		22,135
2012	4.200%	14,000	4,431	4,137		22,568
2013	4.200%	15,000	4,137	3,822		22,959
2014	4.200%	15,000	3,822	3,507		22,329
2015	4.200%	16,000	3,507	3,171		22,678
2016	4.200%	16,000	3,171	2,835		22,006
2017	4.200%	17,000	2,835	2,478		22,313
2018	4.200%	18,000	2,478	2,100		22,578
2019	4.200%	19,000	2,100	1,701		22,801
2020	4.200%	19,000	1,701	1,302		22,003
2021	4.200%	20,000	1,302	882		22,184
2022	4.200%	21,000	882	441		22,323
2023	4.200%	21,000	441	-		21,441
Totals		\$ 250,000	\$ 46,934	\$ 40,488	\$	337,422

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Commission
City of East Jordan
Charlevoix County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of East Jordan for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. Professional standards require that we provide you with the following Information related to our audit

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 11, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on Authority.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of East Jordan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Describe most significant estimate(s)

Management's estimate of the lives of capital assets is based on management's experience and estimates. We evaluated the key factors and assumptions used to develop the lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of risk management in Note 8 to the financial statements. The City is exposed to various risks related to property loss, torts, errors and omissions and employee injuries. The City is covered by insurance through the Michigan Municipal Risk Management Authority..

To the City Commission
City of East Jordan
Charlevoix County, Michigan

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

\$14,715 to correct posting of Major Streets Act 51 revenue in the General Fund
\$5,176 to correct posting of Local Streets Act 51 revenue in the General Fund
\$8,583 to eliminate Housing Commission expenses from the General Fund
\$51,682 to reclassify transfers from various funds to the Rehabilitation Fund
\$50,721 to reclassify principal paid on long-term debt in the Equipment Fund
\$8,321 to reclassify principal paid on long-term debt in the Ambulance Fund
\$275,671 to reclassify dredging expenses in the Harbor Marina Fund
\$98,000 to reclassify principal paid on long-term debt in the Water Fund

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated City.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the City Commission
City of East Jordan
Charlevoix County, Michigan

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Commission and management of City of East Jordan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Douglas Welby". The signature is fluid and cursive, with the first name "Douglas" written in a larger, more prominent script than the last name "Welby".

Grand Rapids, Michigan
December 19, 2008